

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Wellesley Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 15, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on October 1 of each fiscal year. The schedule is effective in FY18 (since the amount under the prior schedule was maintained in FY18) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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## SECTION 2: Valuation Results for the Town of Wellesley Contributory Retirement System

**CHART 16**  
**Funding Schedule**

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2010 ERI Liability	(4) Amortization of Remaining Liability	(5) Total Plan Cost: (2) + (3) + (4)	(6) Total Unfunded Actuarial Accrued Liability at Beginning of Year	(7) Total Plan Cost % Increase
2018	\$2,742,562	\$15,534	\$5,077,679	\$7,835,775	\$56,841,558	-
2019	2,852,969	15,534	5,481,496	8,350,000	56,198,155	6.56%
2020	2,966,893	15,534	5,869,081	8,851,508	55,038,209	6.01%
2021	3,084,405	15,534	6,170,468	9,270,408	53,338,955	4.73%
2022	3,179,825	15,534	6,386,435	9,581,794	50,381,770	3.36%
2023	3,278,177	-	6,609,960	9,888,137	47,002,059	3.20%
2024	3,379,550	-	6,841,309	10,220,859	43,180,201	3.36%
2025	3,484,037	-	7,080,754	10,564,791	38,862,393	3.37%
2026	3,591,733	-	7,328,581	10,920,314	34,007,283	3.37%
2027	3,702,735	-	7,585,080	11,287,816	28,570,481	3.37%
2028	3,817,146	-	7,850,559	11,667,704	22,504,349	3.37%
2029	3,935,068	-	8,125,328	12,060,396	15,757,773	3.37%
2030	4,056,608	-	8,409,715	12,466,323	8,275,924	3.37%
2031	4,181,879	-	-	4,181,879	-	-66.45%

*Notes: Recommended contributions are assumed to be paid on October 1.*

*Assumes contribution of budgeted amount for fiscal year 2018.*

*Item (2) increases at 2.75% per year, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.*

*Projected normal cost does not reflect the impact of pension reform for future hires.*

*Amortization payments of remaining liability calculated to increase at 3.50% per year.*

*Fiscal 2019 reflects an anticipated increase in the COLA base to \$16,000 effective July 1, 2018, fiscal 2020 reflects an anticipated increase in the COLA base to \$17,000 effective July 1, 2019 and fiscal 2021 and later years reflect an anticipated increase in the COLA base to \$18,000 effective July 1, 2020.*

*Schedule does not reflect deferred investment losses.*